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CENTRAL INTELLIGENCE AGENCY
Office of Current Intelligence
30 September 1963

CURRENT INTELLIGENCE MEMORANDUM

SUBJECT: Implications of North Vietnam's Poor
Agricultural Outlook

1. Hanoi apparently is headed for its fourth straight year of severe agricultural shortfalls. This will mean a continuation of the tight food situation--near the subsistence level--which has prevailed for several years. North Vietnamese economic development will also be impeded. There are as yet no indications that this year's agricultural difficulties will force significant changes in Hanoi's domestic policy, or that they will have a dampening effect on the regime's aggressive foreign policy, particularly its support of the Viet Cong insurgents in South Vietnam.

2. The spring rice crop this year in North Vietnam was substantially damaged by a drought which began late in 1962 and continued into the spring of 1963. The more important fall rice crop will apparently also be substandard as a result both of the drought and flooding from summer rains. The impact of the adverse weather has doubtless been heightened by the chronic and widespread agricultural mismanagement which has occurred under the Communists.

3. Agricultural problems in North Vietnam have a foundation in the country's geographic conditions. Because of rugged terrain, dense forests, and poor soils, only 15 percent of the total land area is under cultivation. In the main, the regime has sought to increase food output by using the standard Communist collective farm, which facilitates strong state control. Over 80 percent of the peasantry has now been collectivized, but the collective program remains unpopular with the peasants, in part because rice cultivation is an intensely individualistic operation.

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4. Rice amounts to about 90 percent of the 4.5 to 5 million tons of food produced in North Vietnam. It plays a big role, therefore, in the over-all progress of the economy. Its impact on the food-consumption rate, however, is somewhat offset by the production of such subsidiary crops as corn and manioc (a tuberous vegetable.) The poor weather conditions in North Vietnam most likely did not have as severe an impact on the subsidiary crops as on the rice, partly because the subsidiaries are left more to peasant initiative and are not subject to absolute state control.

5. Since total food production in North Vietnam is not large, relatively small amounts of imported food, distributed in crucial spots, are also important in allaying the effects of poor harvests. During the past few years, Hanoi has routinely purchased small amounts of foreign food and foodstuffs. This spring, for example, it contracted for 4,000 tons of Australian wheat and flour. There are no indications that the 1963 agricultural situation in North Vietnam will result in an extraordinary program of foreign food procurement.

6. Public and party morale in North Vietnam has been adversely affected by the repeated food shortages of the past few years. Continuation of marginal conditions this year will doubtless further sap morale, but there is no evidence that the public is near the breaking point, or that any serious civil unrest is in prospect. More important from the regime's standpoint will probably be deepening public apathy toward government measures to improve future agricultural production.

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7. Statements by regime officials make clear their continuing concern over the agricultural shortfalls. There have been no indications, however, that Hanoi considers emergency domestic measures necessary

this year. In fact, one spokesman for the regime recently claimed that the percentage of the populace on substandard rations had been substantially reduced in 1963.

8. The persistence of marginal agricultural results this year will doubtless impede Hanoi's efforts to bolster the industrial sector of its economy, an objective it has heavily underscored recently. The regime had apparently hoped, for example, that gains in food production would soon permit modest food exports, whose earnings could be used in industrial development. A significant diversion of resources from the agricultural to the industrial sector will almost certainly prove impossible this year.

9. The agricultural difficulties have had, and probably will continue to have, even less impact on Hanoi's aggressive foreign policy than they have had on domestic policies. Hanoi, in its growing criticism of Soviet foreign policy during the last few months, has in effect aligned itself with Communist China in the Sino-Soviet dispute, and has demonstrated its willingness to risk a cutoff in Soviet aid. The North Vietnamese attitude toward Moscow apparently stems mainly from the fear that Soviet cooperation with the US will undercut Communist militancy in South Vietnam and Laos, where Hanoi continues to give insurgent Communist forces vigorous support.

10. There are numerous indications that Hanoi is continuing to implement decisions apparently made early this year to step up materiel and manpower support for the Viet Cong in an attempt to counter the growing effectiveness of the Republic of Vietnam's military forces. Food and armaments are also continuing to flow from North Vietnam to the Communist forces in Laos.

11. Hanoi's support of the war in South Vietnam does not appear in any case to constitute a particularly heavy financial burden on the North Vietnamese economy. Hard facts on Hanoi's costs are difficult to determine. The best available estimate indicates, however, that the North Vietnamese probably did not spend more than the equivalent of between 5 and 10 million US dollars on the war in 1962. In this regard, moreover, the willingness of a Communist government to commit large slices of its funds to a prime political objective must be considered.

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12. The continuation of Hanoi's hard-line foreign policies, and its shift toward Peiping in the Sino-Soviet dispute, have apparently been accompanied by a growth in influence of the more extreme members of the North Vietnamese Communist Party. It is doubtful that the regime's agricultural failures have played much of a role in this development, since both extremists and moderates have been closely identified with Hanoi's agricultural policies. The continuing agricultural difficulties this year, therefore, will probably have little impact on the stability of the North Vietnamese party leadership.

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